

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION PURSUANT TO 1994 HOUSE)
BILL NO. 501 FOR THE APPROVAL OF THE KENTUCKY)
POWER COMPANY ("KPCO") COLLABORATIVE)
DEMAND-SIDE MANAGEMENT PROGRAMS, AND FOR)
AUTHORITY FOR KPCO TO IMPLEMENT A TARIFF TO) CASE NO. 95-427
RECOVER COSTS, NET LOST REVENUES AND)
RECEIVE INCENTIVES ASSOCIATED WITH THE)
IMPLEMENTATION OF THE KPCO COLLABORATIVE)
DEMAND-SIDE MANAGEMENT PROGRAMS)

O R D E R

On August 15, 1997, American Electric Power Company ("AEP") filed, on behalf of its Demand-Side Management Collaborative, a status report of its approved Demand-Side Management ("DSM") Plan, individual evaluation reports for each DSM program, and a revised Experimental Demand-Side Management Adjustment Tariff which reduces the DSM adjustment clause factors for each customer class.

The status and evaluation reports describe, among other things, the progress of the DSM programs and some minor modifications to existing DSM programs agreed upon by the Collaborative. The most significant change to existing programs is the discontinuation, as of December 31, 1996, of the compact fluorescent bulb program. This program was discontinued because of low participation rates, limited budget, and the high startup costs for a new delivery mechanism.

The revised tariff reduces the DSM Adjustment Clause factor (\$ per kWh) for each customer class. The Residential factor is reduced from \$0.000132 to \$0.000085; the Commercial factor is reduced from \$0.000244 to \$(0.000203); and the Industrial factor is reduced from \$(0.000069) to \$(0.000488). These reductions result from the difference

between the initial engineering estimated values of the efficiency incentives and net lost revenues and the actual results for each program for the first 18 months of the DSM Plan (from January 1, 1996 through June 30, 1997).

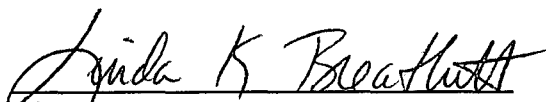
Based on a thorough review of the status and evaluation reports and the detailed schedules describing the calculation of the revised DSM factors, the Commission finds that AEP's request is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

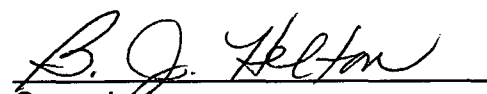
1. AEP's modified DSM programs and revised Experimental Demand-Side Management Adjustment Tariff are approved.
2. The effective date of the revised tariff shall be the date of this Order.
3. Within 10 days from the date of this Order, AEP shall file a revised Experimental Demand-Side Management Adjustment Tariff which shows the effective date as specified herein.

Done at Frankfort, Kentucky, this 6th day of October, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director